

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:74  
ANSWERED ON:22.02.2013  
PENETRATION OF INSURANCE POLICIES  
Bali Ram Dr.

**Will the Minister of FINANCE be pleased to state:**

(a) whether the Government proposes to make a slew of changes in the Life Insurance Sector in near future to increase its penetration across the country and canalise huge funds into infrastructure sector;

(b) if so, the details thereof;

(c) whether the Insurance Regulatory and Development Authority(IRDA) is likely to come out with a new policy giving automatic clearance to standard life insurance products and relax investment guidelines to encourage the flow of funds into the infrastructure sector; and

(d) if so, the details thereof?

**Answer**

Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) and (b) : Insurance companies, both life and non-life sector have initiated number of steps to increase insurance penetration across the country. These include, inter alia, opening of offices in hitherto un-covered towns, and introduction of new products.

For the purpose of canalising funds into infrastructure sector, the IRDA has amended its Investment Regulations recently .

(c) and (d) : Yes Sir, IRDA has constituted Working Groups in consultation with the Life Insurance Council to set out parameters and framework within which standard life insurance products can be automatically cleared. With regard to the relaxation of Investment Guidelines, the IRDA has amended its Investment Regulations. Salient features of these regulations are detailed below:-

I. Permitted investments in the category of 'other than approved investments' to qualify for the investments mandatory requirement of investing in 15% of Life Fund in 'Housing and Infrastructure category.

II. Investments in "Infrastructure Debt Funds" backed by Central Govt. as approved by the Authority shall be reckoned for investments in Infrastructure.

III. Reduced the mandated outstanding tenure of infrastructure bonds from 10 years to 5 years.

IV. The exposure of any insurer to an infrastructure company has been increased to 20% as against the single Investee Company exposure norms of 10%. The limit can further be increased by another 5% in case of Debt with the prior approval of the Board.

V. Permitted investments in infrastructure SPVs to the extent of 20% of the project cost subject to appropriate guarantees by the parent company (ies) and meeting the specified eligibility criteria.

VI. Investments in Infrastructure are excluded from the applicability of industry sector exposure norms.